

Frequently Asked Questions: Real Property Dwellings, Real Property Improvements, Trailers and Mobile Homes and Personal Property

What is included in the term “natural disaster”?

Section 15-16-611(6), MCA, states that “natural disaster” includes but is not limited to fire, flood, earthquake, or wind. A fire is considered a natural disaster regardless of the origin of the fire. However, if the taxpayer is convicted of arson for burning the property, property taxes may not be adjusted. If the taxes had already been adjusted prior to the conviction, the original amount must be collected.”

Which section of law provides for the reduction of property tax for the total or partial destruction, by natural disaster, of real property dwellings, real property improvements, trailers and mobile homes and personal property?

Section 15-16-611, MCA

What types of property are included in the term “real property improvements”?

The term includes dwellings and outbuildings on residential, agricultural or forest land and commercial/industrial buildings and structures.

Is there an application deadline for this reduction?

No, there is no specific deadline for filing an application for these type losses. However, the application must be filed during the current tax year.

To what extent must the destruction demonstrate the affected properties are eligible for the reduction allowed in 15-16-611, MCA?

To be eligible for the reduction, the property must have been rendered unsuitable for its previous use by the natural disaster.

The form indicates that trailers and mobile homes must be used as permanent dwellings. Is that correct?

The language on the form is incorrect. It reflects language in a prior law. Trailers and mobile homes are eligible for the reduction provided in 15-16-611, MCA, without being used as permanent dwellings.

How is the reduction in taxes calculated for destroyed real property dwellings, real property improvements, trailers and mobile homes and personal property?

The amount of reduction for destroyed real property dwellings, real property improvements, trailers and mobile homes is based on a proration of the taxes. It is calculated by determining a ratio of the number of days the property was impacted by natural disaster in the tax year, divided by 365. The entire calculation may be found on the application form (AB-25).

The amount of reduction for destroyed personal property is also based on a proration of the taxes. It is calculated by determining a ratio of the number of days the property was destroyed by the natural disaster before being replaced in the tax year, divided by 365. To enable the proration calculation, the taxpayer is required to notify the Department of Revenue if the personal property is replaced in that same tax year. If a taxpayer fails to notify the department within 30 days from the date of the replacement of the personal property, they are subject to the penalty provided in 15-1-303, MCA. (This allows for the department to add to the assessment an amount not to exceed 20% of the assessment as a penalty for the refusal or neglect.)

If the property is destroyed after the property taxes have been paid for the current year, am I entitled to a refund?

Yes, the taxpayer is entitled to a refund of the amount of tax paid as indicated in Step 3(c), on the application form. 15-16-612, MCA, allows for the refund.